CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 17, 1999

H.R. 2679
Motor Carrier Safety Act of 1999

As ordered reported by the House Committee on Transportation and Infrastructure on August 5, 1999

SUMMARY

H.R. 2679 would change the organization of motor carrier safety functions within the Department of Transportation (DOT) and increase funding for motor carrier safety grants. CBO estimates that implementing H.R. 2679 would result in additional discretionary spending of approximately $340 million over the 2000-2004 period, assuming appropriation actions consistent with the bill. The legislation could affect direct spending and receipts; therefore, pay-as-you-go procedures would apply. While budget authority would increase by $550 million over the 2000-2003 period, CBO estimates that any effects on direct spending outlays or receipts would be insignificant.

H.R. 2679 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the costs would total less than $5 million annually, well below the threshold established by UMRA ($50 million in 1996, adjusted annually for inflation). The bill would authorize additional funds for motor carrier safety programs, some of which could be used to cover these costs; however, to be eligible for those grants, states must agree to maintain their current level of spending on motor carrier safety and enforcement activities.

H.R. 2679 would impose private-sector mandates on operators of commercial motor vehicles, but CBO estimates that the costs of those mandates would not exceed the statutory threshold established in UMRA ($100 million in 1996, adjusted annually for inflation).

DESCRIPTION OF THE BILL'S MAJOR PROVISIONS

H.R. 2679 would create the National Motor Carrier Administration (NMCA) to administer truck and bus safety, which currently is under the jurisdiction of the Office of Motor Carriers within the Federal Highway Administration. Over the 2000-2003 period, the bill would provide an additional $550 million in contract authority, a mandatory form of budget authority, for motor carrier safety grants. Because spending for this program is constrained by obligation limitations set in appropriation acts, the resulting outlays are discretionary. To partially offset the increase in funding, the bill would decrease the existing obligation limitations for the federal-aid highways program by $250 million over the 2000-2003 period.

H.R. 2679 would make the motor carrier safety grant program eligible to receive additional contract authority through revenue-aligned budget authority (RABA), whereby contract authority is automatically added or subtracted based on receipts of the highway trust fund. Unlike most programs covered by the RABA provision of the Transportation Equity Act for the 21st Century (TEA 21, Public Law 105-178), the motor carrier safety program would not be subject to reductions in contract authority. The bill also would reserve contract authority within the administrative account for federal-aid highways to administer motor carrier safety programs and research. However, it would not change the total contract authority available to that account.

As a condition for issuing commercial driver's licenses and receiving funds authorized by this bill, states would have to comply with expanded federal guidelines for issuing and disqualifying driver's licenses. States would have to check the National Driver Registry and the Commercial Driver's License Information System before issuing any driver's license. The bill also would require states to enter into a binding agreement to spend at least as much on motor carrier safety each year as in fiscal year 1999 in order to receive funds authorized in this bill.

The legislation would direct the Inspector General of DOT to conduct semiannual audits of NMCA's enforcement activities. DOT would be required to develop staffing standards for international border inspection areas. If the level of staffing identified in the report were not met by fiscal year 2002, funds would automatically be diverted for this purpose. The bill also would require DOT to develop a strategy and annual plan to improve motor carrier safety, establish minimum civil penalties for violations of laws governing motor carrier safety and commercial driver's licenses, complete a number of additional studies, and issue regulations.

H.R. 2679 also would create four new executive positions within NMCA and would authorize both agency-wide bonuses and individual bonuses for those new executive positions.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2679 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars					
	1999	2000	2001	2002	2003	2004
DIRECT SPENDING						
Budget Authority Under Current Law	29,407	31,503	30,660	31,217	31,775	0
Proposed Changes	0	130	140	140	140	0
Total Budget Authority Under H.R. 2679	29,407	31,633	30,800	31,357	31,915	0
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Budget Authority	0	0	0	0	0	0
Estimated Outlays [a]	22,121	24,619	26,233	26,873	27,579	21,062
Proposed Changes						
Estimated Authorization Level	0	0	1	1	1	1
Estimated Outlays	0	22	93	86	82	57
Total Spending Under H.R. 2679						
Estimated Authorization Level	0	0	1	1	1	1
Estimated Outlays [a]	22,121	24,641	26,326	26,959	27,660	21,119

a. The 1999 amount is the estimated total of outlays for motor carrier safety grants and the portion of spending for federal-aid highways that is subject to an obligation limitation.

BASIS OF THE ESTIMATE

For purposes of this estimate, CBO assumes that H.R. 2679 will be enacted by the end of fiscal year 1999 and that appropriation actions will allow obligation of all the additional contract authority. Because most of the outlays from contract authority are governed by annual obligation limitations in appropriation acts, they are discretionary and are included in the table as estimated outlays subject to appropriation.

Using historical rates of spending for the affected programs, CBO estimates that implementing this bill would increase federal expenditures on motor carrier safety by

$550 million over the 2000-2004 period and reduce federal expenditures for federal-aid highways by $213 million over the same period, resulting in a net increase of $337 million over the next five years. CBO assumes the costs of conducting the studies and writing the regulations contained in this bill would be covered by the total authorization for motor carrier safety, as amended and increased by this bill. The same assumption applies to the costs of the new positions for NMCA Administrator, Deputy Administrator, Chief Safety Officer, and Regulatory Ombudsman.

Based on information from the Office of the Inspector General of DOT, CBO estimates that it would cost $800,000 a year to conduct semiannual audits of NMCA's enforcement activities. Other provisions of the bill would have no significant budgetary impact.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. H.R. 2679 would direct DOT to establish a minimum penalty for violating laws governing motor vehicle safety and commercial driver's licenses and to assess the existing maximum civil penalty for second and multiple violations. These provisions could result in an increase in governmental receipts, but CBO estimates that any such changes would be less than $500,000 a year.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 2679 would impose an intergovernmental mandate by requiring states to comply with certain guidelines for issuing driver's licenses and for disqualifying drivers. If the Secretary of Transportation determines that a state is not in substantial compliance with the federal guidelines, that state would no longer be able to issue commercial driver's licenses (CDLs). CBO estimates that complying with the new guidelines would cost less than $5 million annually, well below the threshold established by UMRA ($50 million in 1996, adjusted annually for inflation).

The new guidelines imposed by this bill would require states to disqualify more drivers and to keep a record of all traffic violations committed by CDL holders in other states. Currently, all states comply with existing DOT guidelines for issuing CDLs, and CBO expects they would continue to do so if H.R. 2679 is enacted. Based on information from the American Association of Motor Vehicle Administrators (AAMVA) and DOT, CBO expects that no state would be subject to closure of its CDL program because the new requirements, in most cases, would not add a significant administrative burden, and because it is in the interest of states to comply rather than risk losing revenues they collect from this program.

The bill also would require states to check the Commercial Driver's License Information System (CDLIS) before issuing any new or renewal license for operating a motor vehicle (generally, a driver's license). Every time states issue a CDL, they pay a fee to AAMVA, which maintains the CDLIS system. In return, states may make unlimited inquiries to the system for information. States might have to change computer systems in their licensing facilities to accommodate this new requirement, and AAMVA might begin charging some nominal amount for inquiries (or increase the initial filing fee). However, the total cost of these changes is likely to be less than $4 million per year.

In addition, states would no longer be able to issue temporary or provisional CDLs to drivers otherwise disqualified from holding a CDL. This restriction would result in a loss of fees, but it would also result in lower administrative costs. CBO estimates that the net effect would be a revenue loss totaling less than $1 million per year.

Finally, the bill would provide $550 million in contract authority over the next four years, some of which could be used for grants to offset the costs of these mandates. Most of the money, however, would be used for commercial vehicle inspections, a federal program administered at the state level. The bill also would reduce federal grants to states for highway construction by $250 million over the 2000-2003 period. In order to qualify for these highway grant funds, states would have to enter into a binding agreement with the Secretary of Transportation to maintain state and local spending on motor carrier safety and enforcement activities at or above the 1999 level.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 2679 would impose a series of private-sector mandates, as defined in UMRA, on operators of commercial motor vehicles. CBO estimates that the total direct costs for private-sector mandates in this bill would fall well below the threshold established in UMRA ($100 million in 1996, adjusted annually for inflation).

First, the bill would require physical possession of a commercial driver's license when operating a commercial motor vehicle. According to industry experts, the burden imposed by this requirement would be minimal. Second, H.R. 2679 stipulates that an individual should be disqualified from operating a commercial motor vehicle if the Secretary of Transportation determines that the individual's driving behavior represents an imminent hazard to public safety. Based on information provided by the Department of Transportation, CBO believes that such a disqualification would be rare and thus that the mandate would not impose significant costs on the private sector. Third, the bill would require the Secretary of Transportation to issue minimum testing standards for operators of school buses in states that choose to issue school bus endorsements on their commercial driver's licenses. The total cost of that mandate would depend on the number of states that elect to issue such an endorsement, but information provided by DOT indicates that the incremental burden to a school bus operator of any additional requirements would be small.

The bill would also transform qualifications for a commercial driver's license, currently set by states, into federal requirements. According to DOT, all states have elected to impose a number of license issuing requirements on applicants for commercial driver’s licenses in order to avoid a reduction in highway funds provided by the federal government. The provisions of H.R. 2679 would impose such requirements nationally. As all of those qualifications are currently required by the states, the new federal mandate would impose no additional costs on applicants for commercial driver's licenses.

The bill stipulates that commercial driver's licenses issued by states that do not comply with the qualification standards would not be valid. That provision would impose a burden on license applicants residing in the affected states, who would need to obtain a nonresident commercial driver's license in another state. Based on information provided by DOT, however, CBO believes that states would remain in compliance with those qualification standards, and thus it is unlikely that such a burden would be imposed on the private sector.

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